

**Minutes of the Organisational Performance and Audit Committee (*Arataki Mahi me Tātaki Kauta*) Meeting of the Southland Regional Council, held in Regional House, corner North Road and Price Street, Invercargill, on Thursday 19 March 2020 at 9.00 am**

---



**Present:** Cr L Ludlow (Chair)  
Cr A Baird  
Cr L McCallum  
Cr J McPhail  
Chairman N Horrell  
Mr Bruce Robertson

**In Attendance:** Mr R A Phillips (Chief Executive)  
Mr N Selman (GM, Corporate Services)  
Mrs W Falconer (GM, Strategy & Engagement)  
Mr V Smith (GM, Policy, Planning & Regulatory Services)  
Mrs T Hawkins (Finance Manager)  
Ms G Jeffries (Communications & Engagement Manager)  
Mrs M Weston (PA)

**1 Welcome (*Haere mai*)**

The Chairman welcomed members to the Organisational Performance and Audit Committee meeting for March 2020.

**2 Apologies (*Nga Pa Pouri*)**

***Resolved:***

**Moved Cr McCallum, seconded Mr Robertson, that an apology for lateness be recorded on behalf of Cr Cook.**

**Carried**

**3 Declarations of Interest**

There were no declarations of interest raised at the meeting.

#### **4 Public Forum, Petitions and Deputations (*He Huinga tuku korero*)**

There was no public forum, petitions or deputations presented at the meeting.

#### **5 Confirmation of Minutes (Whakau korero) – 13 November 2019**

**Resolved:**

**Moved Cr McCallum, seconded Cr Baird, that the minutes of the Organisational Performance and Audit Committee meeting held on 13 November 2019 be confirmed as a true and correct record.**

**Carried**

#### **6 Notification of Extraordinary and Urgent Business (*He Panui Autaia hei Totoia Pakihi*)**

##### **6.1 Supplementary Reports**

There were no supplementary reports tabled for inclusion in the agenda.

##### **6.2 Other**

There were no other items raised by Councillors for inclusion in the agenda.

#### **7 Questions (*Patai*)**

There were no questions asked by the meeting.

#### **8 Chairman and Councillors' Reports (*Nga Purongo-a-Tumuaki me nga Kaunihera*)**

Neither the Chairman nor any Councillors presented reports to the meeting.

#### **9 General Manager, Corporate Services Report – 20/OPAC/20**

##### **⇒ Item 1 – Financial Report to 31 January 2020**

Tanea Hawkins, spoke to this item of the Financial Report for 31 January 2020 which forecasted a deficit of \$3,500,639. In a memorandum presented to Council, it recorded that the situation had changed considerably, as we are now forecasting a deficit of \$6,008,905.

Reasons for these changes include the following:

- Flooding costs – these expenses are to be paid from the reserves put aside for these purposes:
  - \$1.5m due to expenses relating to the flooding on the Waiau which occurred in December 2019 and the Civil Defence Emergency declared in February 2020. The Waiau River costs relate to river works, the Emergency

costs relate to response costs during the emergency as well as repairs of flood protection schemes in the Maitua River catchment.

- Loss of Income due to the COVID-19 virus disruptions
  - A \$2.9m drop in the value of the Investment Portfolio. This equates to a drop of 8% of our portfolio since February, while the share market during the same period, recorded a drop of 21%
  - No further Cruise Ships will be allowed into Fiordland during this financial year due to the Cruise Ship ban in-place, this results in a loss of marine fee income of \$700,000.
- Increased expenses from operating:
  - Compliance and Consents reported a \$450,000 under-recovery of costs partially due to \$200,000 legal/court costs
  - Additional expenditure for the People, Water and Land Programme amounts to \$150,000.

A recommendation was received to include a separate statement which would reflect the breakdown of the costs relating to the flooding.

**Resolved:**

**Moved Cr McPhail, seconded Mr Robertson that Council note the Financial report to 31 January 2020.**

**Carried**

**⇒ Item 2 – Investment Report to 31 January 2020**

Tanea Hawkins spoke to this item of the Investment Report, which recorded that as at 31 January 2020, the total of Council's managed fund investments amounted to \$36,046,242, an increase of \$756,699 from 31 December 2019.

Total investment surplus for the year to 31 January 2020 of \$2,206,538 were favourable to budget by \$1,407,428. It was agreed any further discussion on this item should take place with JBWere present during the Public Excluded Business section of the meeting.

**⇒ Item 3 – Investment Report to 29 February 2020**

Tanea Hawkins spoke to this report which detailed Council's portfolio balance. As at 29 February 2020, the total of Council's managed fund investments amounted to \$35,540,075 a decrease of \$506,167 from 31 January 2020.

**Resolved:**

**Moved Chairman Horrell, seconded Cr McPhail, that Council note the Investment Report to 29 February 2020.**

**Carried**

**⇒ Item 4 – Investment Portfolio – Drawdown of Funds**

Each year Council projects its cash flow requirements for the coming year and recommends any drawdowns from the investment portfolio. This year the recommendation was to drawdown up to \$7 million in funds from the portfolio over the next three months to meet cash flow requirements.

**Resolved:**

**Moved Cr McCallum, seconded Cr McPhail that Council approve the drawdown of funds from the Investment Portfolio.**

**Carried****⇒ Item 5 – Regional Software Holdings Limited – Draft Statement of Intent 2021–2023**

Mr Selman spoke to this item. A Draft Statement of Intent is required for all Council Controlled Organisation (CCO) and needs to be approved by Council.

In the draft Statement of Intent for 2021-2023, a change in focus is reflected for RSHL, including the eventual replacement of the IRIS software package.

Following discussions it was agreed that Environment Southland should complete its own business case and evaluate all options.

**Resolved:**

**Moved Cr McCallum, seconded Cr McPhail that Council approve the Draft Statement of Intent for 2021–2023 and note the six monthly report.**

**Carried**

(Mr Robertson left the meeting at 09.40 am)

**⇒ Item 6 – Clean Air Loans Quarterly Report**

Invercargill City Council and Gore District Council provide Environment Southland with a quarterly report on the uptake of the loan scheme, a copy of which was appended to the report.

**Resolved:**

**Moved Cr McPhail, seconded Chairman Horrell that Council receive the Invercargill City Council and Gore District Council Clean Air Loan quarterly reports as at 31 December 2019.**

**Carried**

(Chairman Horrell left the room 09.45 am)

## ⇒ Item 7 – Civic Financial Services limited – Statement of Intent

The Civic Financial Services Report was received by the Committee. Civic Financial Services Limited provides a superannuation savings scheme providing retirement benefits for employees of the local government family. The Council is a shareholder, holding 0.09% of the company.

In the Statement of Intent, membership of 11,000 is recorded, with funds under management of over \$420,000,000. The intention to not pay dividends to its shareholders for the period 2020–2022 was recorded at paragraph 4.0.

(Mr Robertson returned to the meeting at 09.47 am with apologies)

### **Resolved:**

**Moved Cr Baird, seconded Cr McCallum that Council note the Civic Financial Services Statement of Intent for 2020.**

**Carried**

(Chair Ludlow left the meeting at 09.50 am)

(Morning tea break taken from 09.50 am to 10.15 am)

## ⇒ Item 8 – Long-term Plan Progress Report

(Cr McCallum took the Chair in Cr Ludlow's absence)

The six monthly report for the 2019/20 year showed the status of the work programmes as set out in the Long-term Plan. The responsible reporting divisions were identified against each Level of Service.

Discussions were held as to how the information could be better reflected if the work was undertaken, even though the target was not met, especially post COVID-19. This was seen as an important task of reporting about “the journey” as teams continue to do what they can.

### **Resolved:**

**Moved Cr McPhail, seconded Mr Bruce Robertson that Council note the Long-term Plan six monthly progress report.**

**Carried**

## ⇒ Item 9 – Health, Safety and Wellbeing Management System Report

Amy Kubrycht spoke to this item and updated the committee on the following:

- The appointment of the new Health, Safety and Wellness Business Partner, Michelle Carter
- An update on the implementation of the employee tracking system (Get Home Safe) and the vehicle tracking system (E-Roads)
- Health and Safety Risks

A list of the significant changes that are to be made to the Health and Safety Activity Report will be made available to the Committee.

**Resolved:**

**Moved Cr McPhail, seconded Cr Baird that Council receives the Health, Safety and Wellbeing Management Report.**

**Carried**

⇒ **Item 10 – Information Management Update**

Neil Selman spoke to this item and provided the committee with an update on Information Management, which included the fact that Mr Dan Biggs from the consultancy Effectus had been engaged to advance Council's Information Management capability by specifically looking at key projects and to provide further structure around our approach. The key projects currently underway were data stewardship, integration mapping, IM policy, and communication.

Discussion was held on tabling the programme of work and the priority of the work streams.

(Cr Ludlow returned at 10.50 am and resumed the position of Chair)

**Resolved:**

**Moved Mr Bruce Robertson, Cr McPhail, that Council note the progress on the Information Management Programme.**

**Carried**

⇒ **Item 11 – Annual Activity Plan**

(Chairman Horrell joined at 10.55 am)

Mr Selman spoke to this item. The Annual Activity Plan was presented to the Committee and proposed the items to be delivered on by the Committee. It was agreed to discuss this further at the next OPAC workshop scheduled for 9 April 2020.

**Resolved:**

**Moved Cr McCallum, seconded Cr Baird, that Council review the Annual Activity Plan and to note it.**

**Carried**

**10 Extraordinary and Urgent Business (Panui Autaia hei Totoia Pakihi)**

There were no items discussed.

**11 Public Excluded Business (He hui Pakihi e hara mo te iwi)**
**Resolved:**

Moved Cr McPhail, seconded Chairman Horrell, that in accordance with section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act (or sections 6, 7 or 9 of the Official Information Act 1982, as the case may be), the public be excluded from the following part of the proceedings of this meeting:

- Confirmation of minutes – 13 November 2019
- Item 12 – Review of Conflict of Interest Management Policy
- Item 13 – Debtors and Rates Report
- Item 14 – Local Government Official Information and Meetings Act 1987 – Summary of Enquiries for 1 July to 31 December 2019
- Item 15 – Divisional Update
- Item 16 – Overview Governance Level Risk Management

The general subject of the matter to be considered while the public is excluded, the reason for passing this resolution in relation to the matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the Passing of the resolution are as follows:

<i>General Subject Matter</i>	<i>Reason for Passing the Resolution</i>	<i>Grounds under S. 48(1)</i>
➔ <b>Confirmation of Minutes 13 November 2019</b>	To prevent the disclosure or use of information for improper gain or advantage. To allow Council to carry on without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	S.7(2)(j)  S.7(2)(i)
⇒ <b>Item 12 – Review of Conflict of Interest Management Policy</b>	To protect the privacy of natural persons	S.7(2)(a)
⇒ <b>Item 13 – Debtors and Rates Report</b>	To protect the privacy of natural persons	S.7(2)(a)
⇒ <b>Item 14 – Local Government Official Information and</b>	To protect the privacy of natural persons	S.7(2)(a)

<p><b>Meetings Act 1987 – summary of Enquiries for 1 July to 31 December 2019</b></p>		
<p>⇒ <b>Item 15 – Divisional update</b></p>	<p>To prevent the disclosure or use of information for improper gain or advantage.</p>	<p>S.7(2)(j)</p>
<p>⇒ <b>Item 16 – Overview Governance Level Risk Management</b></p>	<p>To prevent the disclosure or use of information for improper gain or advantage.</p>	<p>S.7(2)(j)</p>

**That Rob Phillips, Neil Selman, Mel Weston and JBWere (during the presentation of their item) be permitted to remain at this meeting after the public has been excluded because of their knowledge of the topics under discussion.**

**Carried**

**Resumed in Open Meeting**

**Termination**

There being no further business, the meeting closed at 12.55 pm.